CALPEEK

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BIG MONEY IS THERE FOR INITIATIVE IF A FINANCIAL PRIVACY BILL DOESN'T PASS CALIF. LEGISLATURE.

Editor's note: State Sen. Jackie Speier(D-San Mateo) has been trying for several years to get legislation approved that would give consumers more control over their private financial information. In the last secession she introduced SB 773. It was approved in the State Senate, but stalled in the Assembly where a huge, mega buck lobbying campaign eventually killed it. This year she's back with SB 1. Unlike last year, Speier now some political clout behind her: if her bill is again killed by the bank/insurance/securities coalition, this concept of protecting consumers will go to the ballot – without any compromises. Here's our update & analysis…

…In addition to Speier, Senate Pres. John Burton(D-SF) is the joint author of this new attempt to give consumers a bigger say what financial info is shared with the direct marketing industry by a variety of different financial institutions (banks, S&Ls, insurance firms, brokerage & securities firms, credit card companies etc.). The information which is shared with either 3rd parties (marketing firms) or by affiliates of these various financial firms, has info about what you earn; what products you buy; where you shop; your debts; your health; employment data; etc. According to ***Calpeek*** sources, billions and billions of dollars are made off this information each year…

…If the Speier/Burton legislation again fails in the lower house, supporters of consumer privacy say they have the money to go to the ***ballot box***. According to Lenny Goldberg of the *Privacy Rights Clearing House* (Lenny wears many hats), the coalition supporting SB 1, Californians for Financial Privacy, has more than $1 million in the bank, ready for an initiative that would have NO compromises, NO loopholes. The chief funding angel is Chris Larsen, CEO of E-Loan. Bet your first born that the coalition who opposes SB 1 would spend millions to defeat such a ballot measure…

…Sources say the coalition has already conducted focus groups and in those secessions, people hate the fact that information is out of the bottle. Sources say these voters want control over their information…

…What are the odds that SB 1 will pass? Fair. It is given a good chance to win again in the upper house. It's the Assembly where things get tricky. On her webpage, Speier says she and Burton have "streamlined" SB 1 to make it more acceptable to those who opposed it last time. Stay tuned…

IS BUSH'S ECONOMIC PLAN GOOD FOR BUSINESS OR GOOD POLITICS? OR IS IT A LITTLE OF BOTH?

Editor's note: With U.S. unemployment now standing at 6% or 8.6 million; a national economy which is stuck in neutral (there's very weak demand); and at least 40 States with a combined $60 billion in budgetary red ink, President George W. Bush on Jan. 7th announced plans to cut taxes by another $674 billion over a 10-year period. This newest cut comes on top of a $1.35 trillion tax cut enacted by Congress last year. Before you go MEGO (my eyes glaze over), ***Calpeek*** will focus on the politics, not the numbers. Here's our analysis & commentary…

…Why cut taxes now? That's the question many Demos and even some GOPers are asking. As one Demo said recently, never in time of war has the U.S. slashed taxes. Cost for this probable war with Iraq could run from $60 to $200 billion. But it's not just a war with Iraq, but the total size of the cut which has many lawmakers concerned. Politically, Pres. Bush can't go to Demo U.S. Sen. John Breaux of Louisiana – he supported the GWB's plan last year, but this year he's got serious reservations. Ditto Calif. U.S. Sen. Dianne Feinstein(D), who voted for the 2001 tax cuts. GOP U.S. Senators with reservations include McCain, Snow, Collins, Chaffe & Voinovich. The only GOPer who appears ready to leap without any questions is U.S. House Speaker Dennis Hastert(R), who says a bill with all the White House cuts will pass in the U.S. House by April. With the GOP in solid control, that was a given…

…What's in the plan? Mostly more tax cuts (speeding up

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the cuts approved last year – so that they take effect in 2003 and not way down the road). If you're married with children, you're a winner. The wealthy come out winners too. About 15% of the cuts are aimed at tripling the amount of equipment that *small business* can "expense." This helps cash flow and frees up other money to buy more equipment. A key reason for the current economic slowdown is because small business is not buying new equipment...

...The centerpiece of the plan is the most controversial: ***ending the double taxation on dividends***. Ending the tax in a fair manner isn't new – both former Presidents Jimmy Carter AND Ronald Reagan tried, but failed. And sources believe GWB's plan is basically the same thing his father floated in 1992. Only problem is that GWB has had a very tough time trying to explain it. It's not that complicated...

...Years ago, corporate income tax used to produce 25% of the federal revenue. Now it's been reduced by tax cuts and tax shelters. The new Bush dividend tax plan gives a break to stockholders – but only if the company they've invested in pays taxes. So if you've invested in a company which doesn't pays taxes, you're out of luck. Part of the idea behind this plan is to induce shareholders to force changes in *corporate behavior*. In other words, force non-tax paying corporations to pay taxes or lose stockholders – or worse. If the non-tax paying corporations get aboard, this part of the Bush tax cut plan may be revenue neutral or perhaps even produce revenue...

...FYI: The action on the Bush plan will take place in the U.S. Senate. For Bush to come out a winner, he needs to keep the GOP in line – remind Frist & Co. why they are now in power – and he has to pick up a few Demos. To do this, Bush has to go after abusive corporate tax shelters and close some other corporate loopholes. He also must go for some payroll tax relief and help for the States which are now awash in red ink. Bush's economic stimulus currently doesn't give a dime to the States nor does it have payroll tax relief. The "go-to" guy in the U.S. Senate may be Jon Corzine(D-NJ), former head of Goldman Sachs. He's a zillionaire and knows this stuff backwards & forward. Corzine is somewhat skeptical of how Bush proposes to end the double taxation of dividends, but sources say he's open to the concept IF there is payroll tax relief (real economic stimulus for workers) and some aid for the States with red ink. Stay tuned...

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GREEN PARTY'S GONZALEZ ELECTED PRESIDENT OF S.F. CO. BD. OF SUPES. ARE THE DEMOS ASLEEP?

Editor's note: Although this story has not received much play outside of the S.F. Bay area media market, S.F. Co. Sup. Matt Gonzalez was elected president of the S.F. Co. Board of Supervisors. No big deal, expect that Gonzalez ***isn't*** a Demo. He's a Green Party member and Gonzalez's election means he's now one of the highest ranking Green Party leaders in the U.S. Here's our update & analysis...

...As several Demo Party consultants told ***Calpeek*** when questioned about Gonzalez's election, "If you are a Demo, you've got to be concerned." Another Demo said, "The real danger to the Demo Party in Calif. isn't from the GOP, but from the Greens." State Sen. John Burton(D) obviously understood the politics of electing a Green to head the Board and opposed Gonzalez's election. No word from CDP Chair Art Torres, who ought be very concerned about this. According to an *S.F. Chron* story, S.F. Co. Demo Party chair Jane Morrison's only comment was, "You'd think with 9 Demos on the board they would have voted Democratic."...

...Gonzalez is a former PD and left the Demo Party two years ago. And he's part of the anti-Willie Brown coalition on the Board...

...For those who have forgotten what happened last Nov. 5th, Gov. Gray Davis won reelection by 5%, while Green Party candidate Peter Miguel Camejo was pulling 345,598 votes (5.3%) statewide. In S.F., Camejo got 15% vs. 66% for Davis. FYI: Camejo did better in S.F. than GOPer Bill Simon Jr. And while Davis was fairly safe, the same can't be said of new Controller Steve Westly, who defeated GOPer Tom McClintock by only 16,000+ votes. Green Party candidate Laura Wells got 408,922 votes (5.8%). Bottomline: some think S.F. isn't the Demo stronghold it once was – because of Demo defections to the left...

...So how did Gonzalez defeat two other supervisors – both Demos? The first 6 votes were all the same: Gonzalez 4, Aaron Peskin 4 and Sophie Maxwell 3. On the 7th vote, Peskin dropped out and threw his support to Gonzalez. Add in Jake McGoldrick and that's what pushed Gonzalez over the top with 6 votes...

...Demo sources say Peskin is politically ambitious and believe his vote for Green Party's Gonzalez could come back to harm him – especially if he's looking at the State Assembly down the road. Stay tuned...

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CALIF. REPUBLICAN PARTY CHAIR'S BATTLE ISN'T A TYPICAL MODERATE VS. CONSERVATIVE AFFAIR.

Editor's note: The contest between Bill Back and Duf Sundheim to succeed Shawn Steel as CRP chair isn't about conservative vs. moderate GOP ideology and that in itself is a break from the past CRP battles. In fact, conservatives and moderates are split between the two camps. Regardless, like other recent CRP chair battles, this one has gotten very nasty. Here's our brief update & analysis…

…The brouhaha over the Bill Lind article (the U.S. would have been better off had the South won the Civil War) has died down to some extent, but the damage done to CRP Vice Chair Bill Back for reprinting that article in his 1999 email newsletter is hard to assess. Haven't seen anything to suggest that those who have endorsed Back have withdrawn their support, but such a negative story had to hurt. But at least one strong Back supporter, CRP Northwest Regional Vice Chair Randy Ridgel of Kelseyville, sent out a 3-page letter defending Back's 1999 email and bashing Back's opponents, especially CRP Secretary Shannon Reeves, who happens to be Black. Ridgel said in part, "*I personally don't give a damn about your color and neither does Bill Back, so stop parading it around…*" No reason to rehash the Reeves open letter to Back again – other than to say Reeves was POed with Back and urged vice chair to withdraw from the CRP chair's contest…

…This latter comment set off some speculation that either former SOS Bill Jones or former CRP Chair John Herrington might get into the contest. A little late, most sources agree…

…***Calpeek*** hasn't seen a complete list of all the endorsements which have gone to Back, but sources in his campaign said they have received the endorsement of former SOS Bill Jones, U.S. Reps. Doolittle, Herger and Issa; State Senators Knight, Aanestad and Oller; Assemblymembers Hayes, Bogh, Hollingsworth, Keene and GOP Assembly Leader Dave Cox. In addition, the Back camp claims 43 of 58 county chairs. In looking over the Back endorsements, they run from mainstream to hardline conservative…

…What may surprise ***Calpeek*** readers is the wide range of elected officeholders who support Sundheim. He's got hardliners, mainstream and moderates. Among his supporters are U.S. Reps. Bono, Cox, Cunningham, Dreier, Lewis, Nunes, Ose, Radanovich, Rohrabacher, Royce & Thomas; State Senators Denham, Johnson, Margett and McPherson; Assemblymembers Aghazarian, Benoit, John Campbell, Daucher, Harman, Maddox, Maldonado, Maze, Mountjoy, Richman, Runner, Samuelian, Spitzer and Strickland. In addition, Sundheim sources say they have support from 20 county chairs…

…So how is that a guy who chairs the moderate-leaning No. Calif. Lincoln Club(NCLC) can win over support from hardline conservatives such as Mountjoy, Strickland and Johnson? Sundheim is **pro-life**, not pro-choice. Sources say he was in San Diego at a recent meeting of GOP legislators and was asked directly what his views were on abortion. Sundheim said he was pro-life, according to two ***Calpeek*** sources…

…FYI: The Sundheim campaign has hired Phil Paule and Jim Camp to act as *campaign whips*. Their chief job at the upcoming CRP convention will be to make sure that delegates who are appointed by elected officials who have publicly endorsed Sundheim stay committed to Sundheim. Given the amount of dirt that is being thrown back and forth, they have a big job. Stay tuned…

CAMPAIGN 2003: **WILL THE DEATH OF MONSERRATT HURT L.A. COUNCILMAN PACHECO'S REELECTION??**

Editor's note: The untimely death of L.A. Councilman Nick Pacheco's trusted chief of staff, Lloyd Monserratt, is regarded by most L.A. insiders as being a serious blow to the 14th District lawmaker. Here's our update & analysis. Next week ***Calpeek*** will report on the 10th and 12th District contests…

…Pacheco is seeking reelection in what most insiders believe will be the toughest reelection battle in this election cycle. Pacheco's chief rival is former Assemblyman Antonio Villaraigosa. Also in the contest is former Olympic boxing champ Paul Gonzales, but most sources don't see his candidacy as being viable – at this point. Not much money…

…Back to Monserratt. Not only was the 36-year-old the COS, but he was the key player in the office and a trusted *political advisor*. He had taken a leave to do some elective surgery when he died unexpectedly in the hospital Jan. 9th. James Santa Maria had already taken over for Monserratt as acting COS, but now political consultant Phil Giarrizzo, (Pacheco's lead consultant) who had known and worked with Monserratt for more than 10 years on dozens of campaigns, must reorganize the reelection campaign and find a replacement. Temporarily it will be Giarrizzo's own COS, Nancy Mooney. Sources think it's possible that someone from L.A. Council President Alex Padilla's political operation or perhaps Tony Cardenas' savvy political consultant Yolanda Fuentes might help. It's just too early to tell…

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...Pacheco's warchest is full - $340,868 raised w/$82,343 in matching funds vs. $120,890 raised w/$38,565 in matching funds for Villaraigosa. Just a guess, but the independent expenditures for both will be massive...

...In the endorsement game, Pacheco counts on L.A. Mayor Jim Hahn, L.A. City Atty. Rocky Delgadillo, former L.A. Mayor Richard Riordan, U.S. Reps. Xavier Becerra and Lucille Roybal-Allard + the majority on the L.A. City Council – including Council Pres. Padilla...

...Villaraigosa's list of supporters includes U.S. Rep. Hilda Solis, State Senators Escutia, Romero, Scott and Alarcon; Assemblymembers Goldberg, Nunez, Frommer, Chu and Montanez + L.A. Co. Sup. Gloria Molina. As was noted previously, Villaraigosa won the endorsement of the L.A. Co. Federation of Labor. On Jan. 14th Villaraigosa won the endorsement of the L.A. Co. Demo Central Cmt. Pacheco didn't even contest this endorsement. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ *VLF Backfill Blues* – In the new Davis budget (designed by outgoing Finance Director Tim Gage), counties and cities get fiscally screwed to the tune of $4.2 billion because the 2003-04 budget doesn't include any revenue backfill to local govt. from ***vehicle license fees***. Years ago, cars were taxed as personal property, with the revenue staying in the various counties. Now the State collects the VLF and then sends the money back. Or at least it is supposed to send it back. In Orange Co., the VLF backfill secures the bankruptcy bonds. Demo Speaker Herb Wesson promises to restore the backfill cuts – and will find the money somewhere else. More on the Calif. budget next week – including a new spat over just how big the deficit really is. Gov. Davis and Legislative analyst Elizabeth Hill disagree...

■ *Davis' New Team* – For his 2nd term, Gov. Gray Davis is keeping Lynn Schenk as COS. Deputy COS and sr. advisor to Davis will be Nancy McFadden. Other deputy COS include Vincent Harris, Glen Rosselli and Michael Bustamante. Cabinet Sec. (and Deputy COS) is Daniel Zingale. Barry Goode remains as Legal Affrs. secretary; Burt Pines is the Judicial Appts. Secretary; Mike Gotch remains as Legislative Secretary. Michael Yamaki remains as appts. secretary. Already in position is former State Sen. Steve Peace as Finance Director...

...One new addition: Peter Ragone is Davis' new communications director. He's 32 and was in the Clinton Admin. as director of the Nat'l Press Office for the U.S. Dept. of Housing & Urban Affairs. He was VP Al Gore's press secretary of Calif. in 2000 and was director of media relations at the DNC 2000 convention in L.A...

■ *Amending Prop. 36* – Sources say there will be an effort made by law enforcement groups, sexual assault victims and others to remove so-called date rape drugs (GHB, Ecstasy and others) from Prop. 36, the Calif. law which allows those arrested for drug possession to avoid prison by instead going into drug treatment...

■ *Rice's Name in New U.S. Senate Poll* – Don't have the results or know who did the polling, but a ***Calpeek*** reader (political insider from San Diego) says he was polled at home recently on the 2004 Calif. U.S. Senate race. It was a match up between U.S. Sen. Barbara Boxer vs. Bill Simon, U.S. Rep. Darrell Issa and Nat'l Security Advisor Condoleezza Rice. Question: Is Rice making noises???

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We have a ton of these announcements...

● A sad note: Lloyd Monserratt, 36, chief of staff to L.A. Councilman Nick Pacheco, died Jan. 9th in the hospital while recovering from surgery earlier in the week. In addition to his COS duties, Monserratt was a top notch political operative. R.I.P...

● The Nat'l Assn. of Latino Elected & Appointed Officials has moved to 1122 W. Washington Blvd., 3rd Floor, L.A. 90015. (213)747-7606...

● 25th anniversary for the Log Cabin Clubs on Jan. 18th. There are 7 such gay/lesbian GOP clubs in Calif. and 30 nationwide. The Laguna Beach chapter will honor LCC leader Frank Ricciazzi on Jan. 18th in L.A...

● Demo pollster Christy Quirk has left Grove Quirk Insights to travel for the next year. Lisa Grove has changed the name of the firm to Grove Insights. New address is 3835 NE Hancock St., #102, Portland, OR 97212. (503)236-9740...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Jan. 22-24	U.S. Conf. of Mayors, Wash. DC
Jan. 28	State of the Union by Pres. Bush, Wash. DC
Jan. 28	Recall election, City of South Gate, CA.
Jan. 31	FEC – 2002 year end reports due.

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